



**CITY OF SCOTTSDALE  
TOURISM DEVELOPMENT COMMISSION  
REGULAR MEETING**

**Tuesday, May 16, 2017**

**Taliesin West  
12621 N. Frank Lloyd Wright Boulevard  
Scottsdale, Arizona 85259  
DRAFT MINUTES**

**PRESENT:** David Scholefield, Chairperson  
Frank Ashmore  
Linda Dillenbeck  
Carl Grupp  
Camille Hill

**ABSENT:** Ren Hirose, Vice-Chairperson  
Robert McCreary

**STAFF:** Steve Geiogamah  
Karen Churchard  
Brent Stockwell  
Holli Shannon  
Jeff Nichols  
Ana Lia Johnson

**GUESTS:** Rachel Sacco, Experience Scottsdale  
Stuart Graff, Frank Lloyd Wright Foundation  
Bill Pettus  
Fred Unger  
Carter Unger  
Don Chiappetti  
Wendy Springborn  
Amy Ettinger

**Call to Order/Roll Call**

Noting the presence of a quorum, Chairperson Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:01 a.m.

Chairperson Scholefield announced that Vice Chairperson Hirose will be leaving the TDC and the process has begun to find his replacement. The Commission will have to select a new Vice Chairperson.

### 1. **Welcome to Taliesin West**

Stuart I. Graff, of the Frank Lloyd Wright Foundation, welcomed the Commission to Taliesin West. He said the facility has changed substantially over the past 15 months. It had traditionally been presented in limited form as a house museum, and as such was looking towards the past. Frank Lloyd Wright was always interested in the future, and the upcoming 150th Anniversary of his birth presents a great opportunity to take stock of what he lived for and what he did. Confining him to the past seems wrong. The Foundation has begun to rethink how to present the space and Mr. Wright's legacy.

In November, for the first time in decades, live professional theater was presented on the Taliesin stage. Audiences were thrilled to see theater in this historic space. The Foundation is looking at a number of different ways to bring these spaces back to life. They were built to celebrate the arts and the relationship of arts to the formation of community. Architecture, to Mr. Wright, was about the sense of an organic relationship between nature, the designed environment, and the lives that people lead. By opening up Taliesin West, the Foundation is putting that idea into practice and providing a great resource for Scottsdale and the world.

Mr. Graff reported that a new Events Director has been hired. The Foundation is looking to interact better with the TDC, the City of Scottsdale, and the hospitality community to create events and bring people from around the world, using Taliesin West as a platform not just for a visit, but for an adventure. Mr. Graff invited the community to provide their input and ideas on how to make Taliesin West an even greater resource.

Frank Lloyd Wright Foundation  
12621 N. Frank Lloyd Wright Boulevard, Scottsdale, Arizona 85259  
Phone: 480.627.5344  
sgraff@franklloydwright.org.

### 2. **Approval of Minutes**

Mr. Geiogamah said the City Clerk's Office clarified how to present public comments in meeting minutes.

**COMMISSIONER GRUPP MOVED TO APPROVE THE APRIL 18, 2017 MINUTES AS AMENDED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). VICE-CHAIRPERSON HIROSE AND COMMISSIONER MCCREARY WERE ABSENT.**

### 3. **FY2017/18 Event Support Funding Programs**

Steve Geiogamah, Tourism Development Manager, presented three sample contracts for the first three programs, noting that New Event Development contracts are unique to each event. Staff requested that the TDC provide recommendations for each program.

Many changes were made to the format and information this year. The two main objectives of these programs are to generate room nights and market the destination. Elements of the programs have been refined to assist in decision making.

Mr. Geiogamah reviewed changes that were made after last month's meeting. The New Event Development Program was changed to allow the opportunity for producers to use up to 10% of the funds for event production. If an event requests \$30,000, for example, the City will require them to spend \$15,000 in direct cash expenditures, and the remaining \$15,000 can be considered value for the marketing. In terms of ineligibility in all four programs, events cannot occur in the normal course of business. Events must be held either wholly or partially in Scottsdale. Allowances are made for mega events where the benefits and investments impact the region. The TDC recommendations will go before City Council on June 13.

a) Matching Event Advertising Program

Commissioner Grupp questioned the language regarding disqualifying events that are "mainly" fundraising in nature. Mr. Geiogamah responded that nearly all events have some fundraising aspects to them, but events that are focused on that effort, galas for example, would not be eligible. Staff will review events to gain an understanding of their nature and advise accordingly with the assistance of the Event Working Group.

Commissioner Ashmore inquired about the idea of establishing a lower attendance threshold for off-season events. Mr. Geiogamah said the idea was reviewed but 2,000 was felt to be the appropriate minimum. Commissioner Ashmore inquired whether events would lose funding if they fail to meet that threshold. Mr. Geiogamah explained that the contract allows for the reduction or non-payment of funding, depending on the circumstances.

Chairperson Scholefield asked whether the contract addresses the non-eligibility of PR firm fees, agency fees, talent, city permit expenses. Mr. Geiogamah said that terminology is included in most applications. The Community Event Funding Program requires some different terminology. Staff will review the guidelines and amend as necessary to clarify that point.

**COMMISSIONER DILLENBECK MOVED TO APPROVE THE MATCHING EVENT ADVERTISING PROGRAM AS AMENDED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). VICE-CHAIRPERSON HIROSE AND COMMISSIONER MCCREARY WERE ABSENT.**

b) Community Event Funding Program

Mr. Geiogamah reiterated that there will be some variations to the language to address accommodations to talent and PR fees for Community Events following staff's review. In the past, the amounts awarded to community events were more subjective, but the new criteria have tightened that up quite a bit. Language was added to clarify that the primary location must be held within the city limits of Scottsdale.

Chairperson Scholefield requested that the TDC be able to see the language in its final format. Mr. Geiogamah said he would forward the changes back to the Commission before the next meeting.

**COMMISSIONER ASHMORE MOVED TO APPROVE THE COMMUNITY EVENT FUNDING PROGRAM AS AMENDED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). VICE-CHAIRPERSON HIROSE AND COMMISSIONER MCCREARY WERE ABSENT.**

c) Event Venue Fee Program

**COMMISSIONER DILLENBECK MOVED TO APPROVE THE EVENT VENUE FEE PROGRAM AS PRESENTED. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). VICE-CHAIRPERSON HIROSE AND COMMISSIONER MCCREARY WERE ABSENT.**

d) New Event Development

Chairperson Scholefield noted that events must be held entirely in Scottsdale. Mr. Geiogamah responded that consideration should be given for a primary portion of an event being held in Scottsdale, and the language would be adjusted accordingly.

Holli Shannon explained that the New Event Development Program uses a worksheet rather than an application, in order to encourage a more uniform method of presenting information. The worksheet makes it easier for the Working Group to capture all the necessary data.

Chairperson Scholefield suggested a language change regarding events that are regional in nature. He suggested consistent language across all categories that specifies that events must be held primarily within the corporate limits of the City of Scottsdale, excepting mega events. Mr. Geiogamah said staff would make the requested changes and forward them to the TDC for review.

Commissioner Ashmore inquired why the New Event Development Program has no room night requirement. Mr. Geiogamah explained that generally with new events, room nights are not emphasized because they are just getting off the ground and the focus is more on marketing value.

**COMMISSIONER HILL MOVED TO APPROVE THE NEW EVENT DEVELOPMENT PROGRAM AS AMENDED. COMMISSIONER DILLENBECK SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). VICE-CHAIRPERSON HIROSE AND COMMISSIONER MCCREARY WERE ABSENT.**

**4. FY2017/18 Tourism Development Fund Budget & Tourism-Related Capital Improvement Project (CIP) Update**

Karen Churchard, Tourism & Events Director, reported that following the TDC's recent discussion on funding for Global Ties/Arizona Council on International Visitors, it was determined that the \$75,000 allocated for this purpose from the bed tax would be moved

into the City Manager's budget. In exchange, Tourism Development was asked to pay \$100,000 towards the base fee for the WestWorld marketing contract with National Western Capital Corporation. The budget has been updated to reflect these changes.

Chairperson Scholefield noted that this \$100,000 for marketing services was originally requested of the TDC three years ago, but was rejected not out of the lack of support for WestWorld, but in terms of how it was presented and the circumstances surrounding it. Brent Stockwell said in the intervening time, it has become clear that about 75% of the marketing focus is on attracting events and visitors from outside the region. It seemed to staff that a 50/50 split between Bed Tax and the General Fund was reasonable, and more in line with the use of tourism development funds than the Global Ties contract.

**COMMISSIONER DILLENBECK MOVED TO APPROVE THE FY2017/18 TOURISM DEVELOPMENT FUND OPERATING BUDGET AS PRESENTED. COMMISSIONER ASHMORE SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). VICE-CHAIRPERSON HIROSE AND COMMISSIONER MCCREARY WERE ABSENT.**

Ms. Churchard presented the proposed CIP plan with some new additions since last month's meeting. Starting with WestWorld, money is proposed in the FY2017/18 budget for wireless internet for the Tony Nelssen Equestrian Center (TNEC). Downtown Main Street streetscape and pedestrian improvements, downtown entertainment district street and pedestrian lighting, and a downtown splash pad are all items that are moving forward but still need final approval from Council. None of these projects are proposed to be funded by Tourism Development funds.

Chairperson Scholefield inquired about public internet access at TNEC. Carter Unger said the wireless internet will be password protected for the use of show producers and vendors, but not the public. The currently available wi-fi is spotty and not enterprise grade. This will generate revenue and is a one-time cost. Mr. Stockwell said a more robust system would be required if the plan is to make wireless available to the general public. Producers will have to pay a fee to have the wireless service available for event support and for their attendees. Chairperson Scholefield said public wi-fi might be a good project to propose for next year. Even if it was offered to the public for a small fee, it would generate some money for cost recovery.

## **5. Experience Scottsdale Third Quarter Performance Measures Report**

Rachel Sacco, President/CEO of Experience Scottsdale, stated that third quarter activities include the bulk of the annual marketing effort, and featured the debut of a new TV commercial in target markets throughout the U.S. and Canada. Station dominations and train wraps occurred in markets like New York, Chicago, Denver and San Francisco. Canadian business is very important and a high focus was placed on this market. Convention Sales and Services brought in over 392 bookings, which accounts for 125,000 incremental room nights. The 30th Annual Sensational Fam was just completed, and over half of the attendees had never been to Scottsdale before. New business is being brought to the destination as a result.

To date, 732 articles have been written about the Scottsdale area, amounting to a value of over \$13 million, and reaching almost four million readers. Year to date, staff has met with nearly 3,000 travel agents and tour operators from over 26 countries. This effort has produced over 1,400 leads. Scottsdale was featured in over three million tour operator brochures. HelmsBriscoe just named Experience Scottsdale as their Partner of the Year. All performance-related metrics are on track to be met or exceeded.

Commissioner Hill said the community is lucky to have an organization like Experience Scottsdale promoting the destination.

## **6. Canal Convergence Funding Request**

This item was pulled from the agenda.

## **7. Highway to Hell Haunted House Event Funding Proposal**

Mr. Geiogamah reported that the Event Working Group reviewed a request for \$75,000 in funding for the Highway to Hell Haunted House in October at WestWorld. The group offered no recommendation on funding based on the proposal itself not meeting some of the program criteria. Mr. Stockwell said this event highlights some of the issues WestWorld faces in terms of filling the tent and other spaces during the shoulder season. While this event is a regional draw, it would provide business at a time it is most needed.

Bill Pettus said he has worked in radio for 35 years. His company has hired a PR firm that will be able to get national exposure for the haunted house event in Scottsdale. This will not be a typical haunted house; it will become a destination event year after year. A concert featuring a well known national act will open the haunted house, drawing people from outside Scottsdale and generate some room nights as a bonus. Local bands will fill out the ongoing concert schedule. The musical acts will encourage people to stay longer and they will be more likely to shop in the community. Bands will be varied enough to attract people from different generations. The haunted house will kick off on September 22nd, and will run on various days through Halloween. Admission has not been set yet, but the goal is to make it affordable. An all access pass will allow people to visit both the haunted house and the concert.

Mr. Pettus said the name of the event is not set in stone and there is room for flexibility if it needs to be changed. Chairperson Scholefield requested more information on the media exposure. Mr. Pettus explained that marketing will be primarily radio driven. Riviera Broadcasting is a partner, and they reach almost two million people between Tucson and Flagstaff, from the California to the New Mexico border. The PR firm will try to tie into national programs as well. A sizeable group of people travel to various haunts around the country to find the scariest ones. About 50% of the coverage will be outside of the Phoenix area. Television will reach eight to 10 million people.

Commissioner Ashmore inquired about the capacity of the facility. Fred Unger said Sales and Marketing at WestWorld was asked by the WestWorld Oversight Committee to testify on the potential revenue that could be brought in if the tent were to remain open for another year. A haunted house produced by the same people three years ago

brought 33,000 people to WestWorld, and the City received \$166,000 of revenue. This was the fourth largest revenue producer to the facility. The event checks off many boxes. No other event will go into the tent at that time of year without air conditioning. It brings a much desired music festival to the space. Carter Unger added that because it stretches over a month and a half, the haunted house brings in good ancillary services revenue. The production team has been a proven success and now they have the media to really drive it.

Chairperson Scholefield summarized the range of options before the TDC. The Working Group recommended zero contribution. The New Event Development Program allows for funding between \$30,000 and \$75,000. The proposal could be sent back to staff for further evaluation and information, or the TDC could take no action whatsoever.

Commissioner Ashmore pointed out that September/October is a need time for the market. A haunted house has been successful there before and this one has media backing. He requested more information on the target audience and the type of music being offered.

Commissioner Dillenbeck said the working group wrestled with this proposal because it does not meet the criteria set for the funding, which aims to attract a national and international audience. The proposed change to include regional events will not go into effect until the next fiscal year. Approving it despite these limitations could set a precedent. The working group also expressed concern that associating Scottsdale's name with Highway to Hell could conflict with the City's branding effort. Mr. Pettus said he understands the concern over the name and reiterated that he is flexible when it comes to changing it.

Commissioner Hill said the working group opted not to provide support based on the information available at that time, but the presentation today puts the matter in a new light. The event will be held in the tent, which is a hard venue to fill. A haunted house proved successful before. She felt open to continuing the conversation.

Commissioner Grupp said the TDC has seen little proposed for WestWorld outside of the peak season. The space will go unoccupied without the haunted house. He questioned whether Scottsdale would get enough revenue in return to make the investment worthwhile. Carter Unger responded that the haunt from 2014 had the same producer and the venue produced a base rent of \$85,000. The ancillary income included \$30,000 in commissioned concessions that went to WestWorld. Another \$30,000 net came from the ticket surcharge, and \$21,000 net came from parking fees. This all came in space that would otherwise be empty. The proposal is very financially beneficial from WestWorld's viewpoint.

Mr. Geiogamah noted that this proposal would qualify for the seasonality bonus as an off-season event should the Commission opt to offer that much. Fred Unger stated that the producer would like to be in Scottsdale for multiple years. They are aware that the tent may go down in one year. The necessary preparation time means the producers need to spend money now in order to meet the deadline, and they need to set their budget first. Delaying a TDC decision until the next meeting would make things difficult for the producer. They are taking a big gamble on Scottsdale for a one-year shot.

Mr. Stockwell noted that considering the City Council's schedule, it would be highly unlikely that this agreement could be done in time for the June 13 meeting. The proposal could return for the June 20 TDC meeting and still be in time to make the June 27 City Council meeting, but staff would need clear direction now on what to include in the agreement so the contract can be prepared first.

**COMMISSIONER HILL MOVED TO RECOMMEND \$75,000 IN NEW EVENT DEVELOPMENT FUNDING, AND ALSO RECOMMENDED AN EVENT NAME CHANGE. COMMISSIONER ASHMORE SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). VICE-CHAIRPERSON HIROSE AND COMMISSIONER MCCREARY WERE ABSENT.**

Commissioner Dillenbeck requested that future proposals be made earlier to avoid forcing the TDC to make instant decisions.

## **8. Parada del Sol Update**

Mr. Geiogamah noted that the TDC recommended \$64,400 last year for the Parada del Sol. All contract requirements were met. Staff is currently in negotiations on an extended agreement of some type.

Wendy Springborn, Parada del Sol, Inc., said the event made huge headway in the past year. A five-year plan imagines a multi-event, multi-site function that partners with the City's western heritage happenings. Sponsorship and marketing targets will increase next year. Parada recently met with Experience Scottsdale to look at engaging local hotels to spread word about the event to their visitors who are already here.

The City of Holbrook has been interested in pursuing an international market for the Hashknife Pony Express, and a suggestion has been made for coordination between Holbrook, Payson and Scottsdale. An international package could be promoted giving participants the opportunity to ride with Hashknife, camp along the river, deliver the mail, ride in the parade, and take a jeep tour the following Sunday. This would not only increase the event's exposure, but could help overcome the challenge of generating room nights.

Ms. Springborn said the parade has seen a decrease in horse entries, partly due to the expense it takes to get saddle clubs to Scottsdale. One idea is to offer a boarding agreement with WestWorld so that participants could have a place to stay. Eventually a new saddle club roundup event could be developed there on the night before the parade. A recognized talent could give a concert on Scottsdale Road afterwards. Even as these new ideas come forward the goal is to retain the hometown feel of Parada del Sol.

Chairperson Scholefield requested a reference on how attendance was calculated. Don Chiappetti, Parade del Sol Treasurer, explained that it was determined partially from high vantage point photographs in each area, as well as photo booth, wristband and beverage sales.



## **9. Scottsdale International Film Festival Update**

Mr. Geiogamah said this festival, which takes place in October/November, has participated in the Community Event Funding Program for a number of years. Staff is looking for feedback from the TDC on potentially a partnership of some type moving forward.

Amy Ettinger, Executive Director of the Scottsdale International Film Festival, said the upcoming season will be its 17th. The first festival occurred only 17 days after the terrorist attacks on 9/11/2001. People found it a perfect way to embrace other cultures, shed their fears, and feel connected again to the world. For many years, the festival focused only on international film. Advice and support from the Toronto International Film Festival helped the festival grow steadily over the years. The festival's partnership with the Scottsdale Center for the Performing Arts/Scottsdale Cultural Council has waned as the new leadership does not share the same vision. Attendance started losing ground and the agreement will end after two years. This provides an opportunity for the festival to move forward in a way it has not been able to before.

Ms. Ettinger said she has met with City leaders and Experience Scottsdale about the future. The festival has a loyal audience and a strong volunteer base. Over the next five years, the festival should grow to become a destination event for Scottsdale, with red carpet events and more celebrities, additional hired staff, and increased community engagement.

Commissioner Grupp asked about the timing of the event in November in relation to other film festivals around the world. Ms. Ettinger responded that Scottsdale's advantage is its proximity to Los Angeles. October is the biggest film festival month in the calendar. A move to November places the festival right at the start of Oscar season. The festival could open and close with big films, and have centerpiece events each night in between. The studios are motivated to get big films in the festival because Oscar voters live in Scottsdale.

Mr. Geiogamah stated that the plan is to move the festival from the Community Event Funding Program to potentially the New Event Development Fund, with anywhere from \$30,000 to \$75,000 being considered.

Commissioner Grupp inquired about attendance. Ms. Ettinger responded that attendance was 7,000 last year. Before it was moved to the Center, attendance was approaching 10,000.

## **10. Manager Reports**

### **a. Staff Bed-Tax Collection Report**

Mr. Geiogamah reported that March bed tax collections were down 15%. Reporting is still suffering from the effects of the transition to the state-centered collections process.

### **b. Staff Bed-Tax Hotel Classification Report**

c. Bed Tax Proforma

Mr. Geiogamah said bed tax proforma changes were highlighted.

d. Smith Travel Report

Mr. Geiogamah stated that regional reports have been added to the STR. The regions cover downtown, the middle area, and the northern area. Chairperson Scholefield said the regional reports show the importance of staying connected to the north. The northern properties have the most affluent customer base and the highest average rate. They have trended well for occupancy over the past 12 months. He requested a footnote to explain the 39.1% increase in September last year.

e. Program Updates

Ms. Churchard stated that the agreement contract with Experience Scottsdale has been underway since November. Performance measures have been discussed as well. The plan is to bring the agreement to Council on June 20 or 27. The recommendation will be for a five-year agreement with a five-year renewal.

**11. Public Comment**

There were no citizens who wished to speak on non-agendized items.

**12. Identification of Future Agenda Items**

Mr. Geiogamah said the June agenda could include a report on bed tax stabilization, the event agreements, and a discussion on whether to hold a July meeting.

Commissioner Hill requested a report on food event conflicts with WestWorld. Mr. Stockwell said discussions have been held on the matter and a future agenda item could be arranged to provide an update. He added that the June meeting will also address all potential tourism-related capital projects planned over the next few years.

The next meeting will be held on June 20.

**Adjournment**

The meeting adjourned at 9:50 a.m.

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**CITY OF SCOTTSDALE  
TOURISM DEVELOPMENT COMMISSION  
REGULAR MEETING**

**Tuesday, June 20, 2017**

**Kiva Forum-City Hall  
3939 N. Drinkwater Boulevard  
Scottsdale, Arizona 85251  
DRAFT MINUTES**

**PRESENT:** David Scholefield, Chairperson  
Frank Ashmore  
Linda Dillenbeck  
Carl Grupp  
Camille Hill  
Robert McCreary

**STAFF:** Steve Geiogamah  
Karen Churchard  
Brent Stockwell  
Jeff Nichols  
Ana Lia Johnson  
Michael Gugisberg

**GUESTS:** Rachel Sacco, Experience Scottsdale  
Don Chiappetti, Parada del Sol  
Wendy Springborn, Parada del Sol  
Sean Gillespie, Grand Prix of Scottsdale

**1. Call to Order/Roll Call**

Noting the presence of a quorum, Chairperson Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:02 a.m. He reported that two candidates have been nominated to fill Ren Hirose's vacant seat. They will be voted on by City Council at the June 27 meeting, and the new Commissioner will join the TDC in July. An election for a new Vice Chair is on the agenda for that meeting. He announced that Commissioner Ashmore has agreed to join the Event Working Group.

**2. Approval of Minutes**

Commissioner Grupp noted one minor correction.

**COMMISSIONER HILL MOVED TO APPROVE THE MAY 16, 2017 MINUTES AS AMENDED. COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SIX (6) TO ZERO (0).**

**3. Parada del Sol Event Support Funding Proposal**

Steve Geiogamah, Tourism Development Manager, said staff is working on a five-year agreement with Parada del Sol for funding on an annual basis of up to \$79,400. This agreement will be outside the normal parameters of the Event Funding Program. Terms have been included to help grow the event, including standards for increased non-city sponsorship, marketing budget, parade entries, and attendance.

Wendy Springborn reported that Parada del Sol is entering its 66th year. The close partnership with the City is helping the event build and expand upon its past success. The parade route is focused on downtown and incorporates the Museum of the West. This is a signature event for Scottsdale. Great progress has been made in the organizational structure over the past three years. A five-year growth plan has been established. The plan includes increased media exposure to help attendance growth, and working with local hotels to attract guests who are already here. A name talent will be secured for a post-parade concert downtown.

Ms. Springborn said parade entry recruitment will focus on equestrian groups, local schools, local resorts, and City departments. People will need a place to stable their horses and WestWorld could host a horse event on Friday before the parade. The outreach effort to attract new sponsors continues. The goal is to increase sponsorships by at least 10% a year. The money spent on marketing and media will be increased, and any free opportunities to increase the exposure will be pursued as well. Experience Scottsdale will provide input on how to market a western experience to international visitors. Other ideas include an expansion of the wine garden, a juried student art show, and a float competition with a scholarship component. The Friday afternoon before the parade could feature a bull riding competition that would help keep people downtown after the Hashknife Pony Express.

Don Chiappetti stated that the parade and festival really ramped up the number of entries last year, and plans are underway to expand the quality as well as quantity of entries to make this a world-class parade. Work has been done to build a strong organizational structure in preparation for this expansion. Attendance is growing and excitement is building. It could become a destination event, especially as it expands to multiple sites and multiple days. Parada del Sol can be the jewel of Western Week. The partnership agreement with Scottsdale helps to cover the base costs so that the main focus can be on growth. Momentum is building, and more of the community is contributing to help make it a success.

Commissioner Dillenbeck inquired why the stated goal of increasing non-City sponsorship and marketing budget is listed at \$9,000, while the budget only shows \$7,500. She also asked what would happen if the criteria is not met. Mr. Geiogamah explained that the marketing and sponsorship will both increase by \$9,000 annually off the current base every year over the five-year term. Potentially, sponsorship could be

withheld if the criteria are not met. Commissioner Dillenbeck said she is excited about the direction the parade is taking and the enthusiasm that is building. Commissioner Ashmore said parades are valuable because they help bring people together. He inquired about a timeline for growing the parade into a destination event. Mr. Chiappetti responded that a timeline should be available after this year's parade. Some events are being added this year. Mr. Geiogamah noted that the Native American village component of the Trails End Festival will extend to Sunday at the Civic Center. Commissioner Hill congratulated Ms. Springborn on being named a Scottsdale History Maker.

Chairperson Scholefield said the declared goals are aggressive and it will be a challenge to reach them. He offered the TDC's help to make it a reality. He inquired about the qualifying criteria being applied to the application, considering that Parada del Sol is no longer considered a community event. Mr. Geiogamah responded that it will use the same format as other events, where 75% of the funds will be provided in advance, and 25% afterwards. Chairperson Scholefield said in that case, the Community Event Program should not be referenced, since it no longer applies.

Chairperson Scholefield noted that this is one of two events considered during this meeting that will not be going through one of the established event funding channels. Seeing as the TDC has spent a great deal of time working on the program criteria so that events can be evaluated properly, he cautioned that these expectations could cause other events to request the same considerations. Mr. Geiogamah concurred, saying that an exception was made for Parada because of the event's longstanding history in the community. Chairperson Scholefield responded that it is not about Parada, his concern is more over procedural issues. Karen Churchard said the Event Working Group has discussed the potential for another funding channel that would address events that have a long history in Scottsdale and are important to Scottsdale's heritage.

Commissioner Grupp inquired about renewals after the five-year commitment. Mr. Geiogamah said the agreement will be reviewed annually to ensure all contractual requirements are met. If they are, the agreement will be extended another year.

**COMMISSIONER HILL MOVED TO SUPPORT THE FIVE-YEAR AGREEMENT WITH PARADA DEL SOL IN THE AMOUNT REQUESTED. COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SIX (6) TO ZERO (0).**

#### **4. 2017 Grand Prix of Scottsdale Event Funding Request**

Sean Gillespie, Event Director, requested \$75,000 in New Event Development funding for the 2017 Grand Prix of Scottsdale. The Experience Scottsdale-themed car has been touring the country promoting the race and the destination. The Grand Prix is a three-day event that starts off Friday with a Gatsby Gala at Southbridge. The race cars are displayed on Saturday, and the race itself is on Sunday. A parade of champions will follow the race. The event is free to the public, and is very family-friendly. About 15,000 people attended events last year compared to 10,000 in the first year. An additional 500 people come to Scottsdale as part of the race teams. The expectation this year is in the range of 18,000 to 20,000 people. Many people attend in 1920s-themed outfits.

Already 28 teams have signed up for the next race, and there is a cap of 40 teams. Every team will have a tent on the Goldwater Boulevard pit row, and there will be an alcohol-free lounge. Several teams have joined from around the country. The race series is being considered for other cities, but Scottsdale is originator and remains the biggest trophy win.

Mr. Gillespie reported that several hotels have joined as partners. The race has been featured in car-related publications including *Car & Driver*, the *DuPont Registry*, *classiccars.com*, as well as many TV spots. I Heart Radio and Gannett are media partners, and a deal is being arranged with Hubbard Radio. The PR effort has started much earlier this year and the national campaign is being emphasized. The goal is to have many teams from outside Arizona to make it a national event. The cars have been reengineered to be safer this year. They can be remotely slowed or stopped depending on changing race conditions.

Mr. Gillespie said the TDC's support last year was crucial to ramping up the scale of the event. The request this year is for the same amount. The advertising effort will be increased. As the race has gained more exposure, it has been easier to get more and bigger sponsors. The race cars are manufactured in Mesa and are shipped worldwide.

Commissioner Hill asked whether all the allocated funds were used last year. Mr. Geigamah explained that the amount recommended by the TDC was \$60,500. Not all the funds were allocated because not all the contractual marketing requirements were met. Mr. Gillespie added that last year was a learning experience and the organizers now understand how the money is supposed to be spent.

Commissioner Hill asked about the other proposed race cities and if they are expected to be in competition with Scottsdale. Mr. Gillespie stated that races are being negotiated for Las Vegas and Pebble Beach. The organizers of the series live in Scottsdale and see this as the main race. The Gatsby theme is pushed heavily here.

Commissioner Grupp inquired about the room nights generated last year. Mr. Geigamah explained that they met the requirement. Mr. Gillespie added that a broader range of room blocks will be offered this year.

Chairperson Scholefield asked whether Scottsdale will have a car in the other races. Mr. Gillespie said that if a Scottsdale car is not in the other races, it will be prominently displayed everywhere. This will give great exposure to the destination. The race is held in the shoulder season when the weather is good. Chairperson Scholefield inquired about efforts to target other markets in Arizona as a way of growing room nights. Mr. Gillespie said the PR firm will be expanding in those areas. Other cities in the state want their own races, but the organizers do not want to divide the pie too much.

**COMMISSIONER ASHMORE MOVED TO RECOMMEND FUNDING \$75,000 IN NEW EVENT DEVELOPMENT FUNDING TO THE GRAND PRIX OF SCOTTSDALE AS REQUESTED. COMMISSIONER DILLENBECK SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SIX (6) TO ZERO (0).**

## **5. Scottsdale International Film Festival Event Support Funding Agreement**

Mr. Geiogamah said the Scottsdale International Film Festival has participated in the Community Event Funding Program for a number of years. A three-year agreement for an amount of \$37,500 annually has been negotiated, with the money coming from the Tourism Development Event funding, which has \$1.2 million available.

Amy Ettinger, Scottsdale International Film Festival, said she started the festival because she felt Scottsdale deserved to have the sort of cultural experience that other cities around the world have. The festival's vision is to unite Scottsdale with the world through the expression of film, and each season features a minimum of 40 to 50 films over a five-day period. In addition to foreign, independent, and documentary films, the festival offers Hollywood premieres that go on to win many accolades during awards season. It used to be that documentaries played to nearly empty houses, but today these films are sold out and winning audience awards. Several of the foreign films screened here have gone on to become global blockbusters and nominated for Oscars.

Ms. Ettinger said the festival has hosted Mike Leigh, John Sayles, Jennifer Tilly, Jeremiah Bitsui, Lesley Ann Warren, and Anton Yelchin, all have whom have done publicity for it. The audience is wealthy, well-educated, and diverse. The partnership with Scottsdale Arts cost some audience, but with the TDC's help, it can be built up again. At its peak, the Scottsdale International Film Festival had nearly four times the attendance as other festivals with the same budget; it had three times the number of paid memberships, and ten times the number of visitors to the website. The proposed budget is conservative in terms of the growth it will provide. Feeder markets include Canada, New York, San Francisco, Chicago, and Los Angeles.

Ms. Ettinger reviewed the festival's benefits to Scottsdale. Arts and cultural organizations serve as the backbone of innovative cities. Cultivating the festival audience and catalyzing the winter visitor experience will advance the economic development and brand identification for Scottsdale as an arts destination. The length of the festival will be extended in future years, which will have a multiplying effect on cultural tourism, length of stay, and total spending. Sponsors will represent the healthcare, travel services, bookstores, hospitality, banking, restaurants, and investments service sectors among others.

Commissioner Dillenbeck asked why the event was being moved out of the Community Event fund. Mr. Geiogamah explained that once the partnership with Scottsdale Arts ended, the dollar investment needed to support the festival exceeded what that fund could provide. The Tourism Development Event funding is matching \$37,500 from the Community Trust Fund.

Commissioner Hill inquired about the festival staff. Ms. Ettinger responded that there are 100 volunteers that run the event. The Board of Directors is a working board. The goal is to have enough infrastructure to support several FTEs. This is a transitional year and the festival is in a limited position financially.

Chairperson Scholefield inquired about the revenue. Ms. Ettinger explained that the revenue figures provided are only what is known to be true as of the writing of the document. Chairperson Scholefield suggested that when attendees are surveyed, that



they be asked to provide a zip code so researchers can identify where people are coming from.

Commissioner Dillenbeck asked whether criteria will be established for this funding. Mr. Geiogamah responded that all contractual relationships contain criteria with set objectives. Staff will ensure that the money is spent wisely and that the City receives a good return on investment. The three-year agreement will help the festival emerge from the partnership with Scottsdale Arts.

**COMMISSIONER HILL MOVED TO SUPPORT THE SCOTTSDALE INTERNATIONAL FILM FESTIVAL IN THE AMOUNT OF \$37,500 FOR THREE YEARS. COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SIX (6) TO ZERO (0).**

## **6. Tourism Related Capital Projects and Reserve**

Brent Stockwell, Assistant City Manager, said staff is seeking the Commission's recommendations regarding the FY2018/19 budget process. It makes sense to look at a number of interconnected issues holistically: the possible tourism-related capital projects; the criteria for evaluating them; development of a tourism-related capital improvement plan; and the establishment of a stabilization reserve for the Tourism Development Fund. The benefit of this approach is that it could help avoid one-off decisions that do not best advance the environment for tourism in Scottsdale.

Karen Churchard, Tourism and Events Director, stated that staff took 15 projects and narrowed them down to the top ten. The five criteria settled on during the work study session earlier this year were then used to score the ten projects. Based on the criteria, the top ranked projects according to staff were:

1. Canal Convergence
2. Desert Discovery Center
3. supporting WestWorld
4. Tie between the Canal Banks project and the marketing/promotion of Downtown Scottsdale

The goal of this exercise is to establish the top priorities from the tourism industry's perspective on capital projects and event enhancements. She welcomed feedback from the Commission.

Mr. Stockwell said this concept was being introduced as a discussion point. The Commission will be engaged in providing their own scores to make sure that the criteria are doing what the TDC intends them to do. Once the criteria are set, staff would work with the Capital Projects Management Group to develop some cost estimates and staging, before working with the Budget Office to determine how far the existing and proposed revenue streams could go to achieve the goals. Other possible sources would also be identified. This topic will be set as a standard agenda item until it is ready to go on November 1, 2017.

Ms. Churchard stated that the tourism industry has come up with many great concepts; now it is time to decide how they compare so that funding decisions can be made in a manner fitting to the industry. The TDC's feedback will give guidance during the budgeting process.

Commissioner Grupp stressed the importance of having a proactive plan that is approved by the Commission and the City Council in order to avoid a situation where the carryover balance grows too large and then everybody starts asking for a piece of it. The TDC should be making decisions based on what projects would have the biggest impact on the tourism environment in Scottsdale, instead of just reactively responding to requests as they come in.

Commissioner Hill questioned whether the bed tax funds could be used on capital projects, since it was mostly intended for marketing. Mr. Stockwell clarified that the City's half of the bed tax money can be used for a number of dedicated purposes, including tourism-related capital projects, tourism-related event support, tourism-related research, and other uses as City Council deems necessary. Chairperson Scholefield noted that the carryover came from the fund originally scheduled for event marketing activities. Mr. Stockwell responded that the purposes of the carryover, according to Financial Policy 21(a), are the same purposes that the 50% is for, so all of the same purposes can be used for the carryover, including tourism-related capital projects. Restrictions limit how much any one project can have. Moving forward, previous decisions will be included in the plan so that the Commission can compare prior commitments to the newly proposed ones.

Chairperson Scholefield noted that three organizations with recent capital requests have been approached for their input on this list. He questioned whether a larger group needs to be engaged. Mr. Stockwell responded that this effort is the start of that process. The Council CIP Subcommittee has looked at all of the requests since 2009; the list compiled includes all known requests since that time. Staff was already aware of the three projects mentioned and wanted to make sure they were included so that they could be compared to the criteria as well.

Mr. Stockwell reminded the TDC that the stabilization reserve is an item in the Five-Year Tourism Strategic Plan. The Task Force and the TDC have worked on this, but it has not reached the point of Council action yet. Without a strong plan in place, many felt it would be premature to dedicate a reserve. The City does have reserves for other funds, such as Transportation, but does not have reserves for restricted funds such as the McDowell Sonoran Preserve, Special Programs, and Tourism Development. Bed tax is very cyclical by nature, and having a reserve could help Scottsdale remain competitive during downturns or catastrophic incidents.

Mr. Stockwell explained that for analytical purposes, the 50% non-destination-marketing portion of the bed tax was adjusted to a common rate so that past trends could be revealed. This information was helpful in preparing different scenarios for what future downturns might look like. The proposed reserve would only be for City non-destination marketing tourism expenditures. Experience Scottsdale has already developed funds to support a reserve for destination marketing expenses. The City's portion of the bed tax cannot be used for destination marketing expenses, but General Funds can.

Mr. Stockwell reported that a number of different scenarios were run. The worst case scenario assumed a 50% drop in tourism following a catastrophic event, with a multi-year recovery period. Even the prior reserve of \$2.6 million that the TDC recommended would not be enough to avoid reducing expenses in the first year under this scenario. A less severe scenario, identical to what happened during the most recent recession, would require a minor reserve to bridge the first year and then future decisions would have to be made to avoid a quick increase in ongoing commitments.

Mr. Stockwell said TDC should always monitor the ongoing expenses during the budget process to ensure revenues can cover them. Special attention must be given to multi-year capital commitments, which could reduce resiliency in a crisis. The TDC may want to consider increasing the budgeted reserve to ensure that the City has uncommitted reserves in a downturn.

Staff recommended that in the event of a decrease in bed tax revenues, the multi-year commitments will have priority and be met first. The use of reserve would not be considered unless revenues are unable to cover funding for existing multi-year commitments. Reserve can only be used with City Council approval. Reserve funds could be used for tourism-related event support, tourism research, and other uses that have been approved by the City Council. Reserve funds would be replenished once ongoing required bed tax allocations are met.

Commissioner Grupp questioned the benefit of continuing to approve multi-year agreements if doing so restricts the decision making later on. Mr. Stockwell responded that multi-year event commitments are written with non-appropriation clauses that allow the agreement to terminate if the City cannot afford them. The TDC does need to be cautious about multi-year capital commitments, but this is one of the major purposes of the fund.

Chairperson Scholefield asked whether the City has a reserve for multi-year commitments once they are approved by City Council. Jeff Nichols, City Treasurer, explained that there is no reserve for those capital commitments; however this is a special revenue fund, and by its nature can only be spent on the items approved by Council in Ordinance 4019. When the City makes capital commitments, all the City's excise taxes are pledged to repay that debt. Should this fund ever suffer a catastrophic event, those debt service payments would have to be paid through the other excise taxes. The intent is to pay them out of the bed tax.

## **7. Manager Reports**

### **a. Staff Bed-Tax Collection Report**

Mr. Geiogamah reported that April bed tax collections were up 54% for the month, because there was an additional week of collections. Year to date is up 6%. Miscellaneous retail tax collections were up 2% YTD, and restaurants were down 1% YTD.

b. Staff Bed-Tax Hotel Classification Report

The classification report indicates that April results for resorts was up 9%, full service properties up 10.9%, and limited service was down 4.9%. Commissioner Dillenbeck asked whether the 54% was a sign that the state caught up with itself by making up for the minus 39% in January. Michael Gugisberg, Senior Tax Auditor with Business Regulations responded that part of the issue is catch up. Since money is collected weekly, there will likely always be some delay depending on how the month ends. It will take a full year before it become clear what the cycle will look like moving forward.

c. Bed Tax Proforma

Mr. Geiogamah highlighted changes related to funding expenditures in the proforma. Anna Lee reported that the revenue estimate for FY17/18 has been updated to \$19,441,159.

Chairperson Scholefield noted that the City Council approved \$412,500 for the Thunderbird project at the Airpark, but there is concern that it might cost more than that. Mr. Stockwell said he has not heard that any more would be required than approved.

d. Smith Travel Report

Mr. Geiogamah stated that the overall trend report for April shows occupancy continues to be slightly down over the past 12 months. Average daily rate is up 5.3% at \$194. Revpar continues at 5.1% and trending upward. The segment report for 25 properties in the overall market area show occupancy down at 1.1%, ADR and revpar are both up 5.1%. In downtown, occupancy is down 1.4%, ADR is up 3.8%, and revpar is up 2.4%. For 31 properties in the middle area occupancy is down 1.1%, ADR is up 5.6% and revpar is up 4.6%. For 11 properties in north Scottsdale, occupancy continues to trend up.

e. Program Updates

Ms. Churchard announced that a joint work study session between the TDC and the McDowell Sonoran Preserve Commission has been scheduled for August 10 at Kiva Hall at 4:00 p.m. The topic will be the Desert Discovery Center.

**9. Public Comment**

There were no citizens who wished to speak on non-agendized items.

**10. Identification of Future Agenda Items**

Mr. Geiogamah said the July agenda will contain a request for a multi-year deal with Art Walk.

The next meeting will be held on July 18.

**Adjournment**

The meeting adjourned at 9:46 a.m.

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